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Alexcom , Inc.

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Connecticut Office

55 Holly Hill Lane

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June 18, 1993

Acting Chairman James Quello  
Federal Communications Commission  
1919 M Street N.W.  
Washington, D.C. 20554

RECEIVED  
AUG 11 1993  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Dear Mr. Quello,

At the recent NCTA show in San Francisco, I asked Ms. Sandy Wilson, assistant chief of the Mass Media Bureau, a question regarding the regulation of rates for our commercial accounts. She said that she believes that commercial customers are subject to rate regulation, although they can be designated as a special class of subscribers, for the purpose of charging a lower rate than residential customers. This designation is necessary to comply with the uniform rate provision of the 1992 Cable Act.

However, as I pointed out, commercial customers are typically charged higher rates than residential customers. The reason for this seems obvious. The provision of entertainment (in the form of televised sporting events, music videos, etc.) enhances the ability of a business to generate incremental revenue. Imagine a sports bar not tuning in to the NBA playoffs, or an appliance store selling television sets without the benefit of a clear cable signal. In short, residential customers use cable television for entertainment, while commercial customers use cable television to make money. Thus, the same form of rate regulation is inappropriate for both classes of subscribers.

Moreover, since the 1992 Cable Act and subsequent FCC rulings focus on effective competition, the Commission should realize that commercial establishments routinely choose to use alternate video providers in the form of on-site DBS operations. They can afford this choice because the revenue generated by providing video programming justifies the higher cost of either installing a DBS system or paying a cable operator a premium rate.

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Finally, I have enclosed sections from two of our programming contracts. Taken together, these two programming services alone result in a \$70 monthly cost. This is considerably higher than any conceivable benchmark calculation. Obviously, programmers also realize that they should be allowed to share in the profits derived from the commercial reception of their service.

I hope that on further consideration the Commission agrees that commercial customers do not need and should not receive the protection afforded residential customers under the 1992 Cable Act. Not one chamber of commerce or other general business trade association submitted comments on the Report and Order and Further Notice of Proposed Rulemaking. Their silence indicates the efficiency of an unregulated market. Accordingly, I urge the Commission to exempt commercial subscribers from all aspects of the 1992 Cable Act.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Rust Muirhead', with a long horizontal flourish extending to the right.

Rust Muirhead  
President

cc: Commissioner Ervin S. Dugan  
Commissioner Andrew C. Barrett  
Ms. Sandy Wilson ✓

5.A.(iv) For Commercial Establishments: For all corporate facilities with 500 or fewer seats to be served under this Agreement, AFFILIATE shall pay to TNT, Inc. the following rate per establishment:

Seating Capacity  
of Property

Rate per Month

	<u>1/1/90-</u> <u>10/30/90</u>	<u>11/1/90-</u> <u>12/31/90</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
1 to 500 seats	\$30.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00

Subject to subsection 7(c), below, the monthly ESPN Service Fee for each Tavern served by Affiliate shall be \$20.00. Notwithstanding the foregoing, if Affiliate for any calendar month furnishes to Taverns the ESPN Service as part of Basic Service at a fee which is no greater than the fee for which Affiliate furnishes such Basic Service to individual residential Subscribers, then the ESPN Service Fees payable by Affiliate for such Tavern(s) for such month shall be determined as if such Tavern(s) were non-Tavern(s) Affiliate's Subscribers to Basic Service.